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UNCLAS SECTION 01 OF 02 ABUJA 001942

SENSITIVE  
SIPDIS

DEPT PASS TO USTR- AGAMA AND USTDA - FITTS/MARIN  
DEPT OF ENERGY FOR CAROLYN HAYLOCK AND GEORGE PERSON  
USAID AFR/SD FOR MICHAEL CURTIS

E.O. 12598: N/A  
TAGS: [EPET](#) [ENRG](#) [ECON](#) [PGOV](#) [EAID](#) [PREL](#) [NI](#)  
SUBJECT: NIGERIA: USG COLLABORATES WITH WORLD BANK & DFID TO ASSIST  
GAS SECTOR

REF: A. ABUJA 1930  
[1](#)B. ABUJA 1563  
[1](#)C. ABUJA 1311

SENSITIVE BUT UNCLASSIFIED - NOT FOR DISTRIBUTION OUTSIDE USG

[1](#)1. (SBU) SUMMARY. Ambassador Sanders met with the Minister of Energy (Gas) Odusina on September 25 and offered U.S. support to assist with implementing the GON's gas policy, master plan, and pricing formula, funded through the Africa Infrastructure Program (AIP) program funded and managed by USAID. This assistance follows months of discussions among the USG, World Bank, and the United Kingdom's Department for International Development (DFID). The international community has pooled expertise and budgets to reach out to the GON to provide a successful way forward toward the implementation of the GON's gas policy and plan. The assistance focuses on a solution to the immediate problem of a significant shortfall of gas for domestic utilization. The shortfall is seen to directly threaten the economic aspirations of the nation, due to lack of electric power and feedstock for industry. The assistance will be coordinated with complimentary programs of the World Bank and DFID. END SUMMARY.

[1](#)2. (SBU) On September 25, the Ambassador, AIDOff and consultant, and EconOff, met with the Minister of Energy (Gas) Odusina to discuss the Minister's plans for the gas sector. The Minister explained that oil was discovered in Nigeria in 1955, but there had been no serious discussion about gas until the past two years when the need for domestic gas became critical. He continued by illustrating that Nigeria's forecast for natural gas requires it to grow from a level of 4 billion cubic feet per day (bcf/d) to about 20 bcf/d by 2010. In the short term, he said the demand growth is underpinned largely by the power sector crisis and by an increasing requirement by large industries such as fertilizer and methanol. The government of Nigeria (GON) has been unable to meet demand via existing gas policies and the gas master plan. Currently, the GON has mandated gas, through regulation, from the international oil companies (IOC).

[1](#)3. (SBU) The Minister expects, through its gas master plan, that Nigeria will become a major player in the international gas market as well as laying a solid foundation for the expansion of gas supply infrastructure within the domestic market. (NOTE: Since coming into office in May 2007, President Yar'Adua has given approval to guidelines aimed at realizing this vision through its gas master plan. The plan's Blueprint was approved by the Federal executive Council in February 2008. The mandated (regulated) gas supply obligation was transmitted to the Joint Venture Companies in August 2008 requiring implementation of the gas obligation for the domestic market to begin no later than October 15, 2008 (reftel A). The GON's policy has not been received well by IOCs and other investors to-date. END NOTE)

¶4. (SBU) The discussion between the Minister and the Ambassador led to agreement to expand U.S. cooperation through USAID's newly launched Sub-Saharan Africa Infrastructure Program (AIP). The cooperation will begin in October 2008. (NOTE: AIP is part of the \$200 million five-year U.S. Presidential African Global Competitiveness Initiative, which seeks to expand trade between Nigeria and the U.S. and other trade partners. The primary goal of the AIP is to foster over \$1.0 billion of investments in infrastructure throughout sub Saharan Africa within the next few years. END NOTE).

¶5. (SBU) Prior to the Ambassador's meeting with Minister Odusina, USAID, and EconOff met with the Ministry's technical experts to discuss Nigeria's gas master plan and the current situation in the gas industry. Following this meeting USAID met with the World Bank and the DFID to discuss a joint effort to provide technical assistance to Nigeria. Agreement was reached on the critical needs of Nigeria's energy sector and how USAID, World Bank, and DFID could jointly assist. The Ambassador shared this information with the Minister explaining that the task of Nigeria's implementation of its gas plan was bigger than any one entity could tackle alone.

¶6. (SBU) COMMENT: Domestic gas quantities are inadequate for existing electricity power plants and not available for the new plants (NOTE: three of ten new plants are commissioned and do not have gas to operate END NOTE). In May 2008, the Embassy discussed the problems with the World Bank and asked if it would lead an energy committee of all donors and stakeholders to determine both a consensus and priority of need and how the international community could reach out to the GON in a coordinated effort. The World Bank embraced this idea and launched the Energy Sector Partners Coordination Forum. This is the platform that allowed the

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coordinated approach to provide support to the gas sector policy challenges. END COMMENT.

This cable is coordinated with Consulate Lagos.

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